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ABSTRACT

Every society has a system of values and seeks to achieve goals which it defines as desirable. To gain insight and a measure of understanding of another culture, international marketers can approach a country as a whole, seek out behavioral premises, obtain a theoretical knowledge of the culture, and learn the country's social heritage. International marketers must be sensitive to the fact that non-Western cultures have rising expectations and must, therefore, perform their task of creating new markets with respect for humanity. They must also realize that developing nations want the freedom to make their own mistakes. American international marketers must understand the differences among the ideas of one world, world government, and world culture; seek and share knowledge; be sensitive to other cultures and values; and change their own behaviors and values to set examples. A planning model for value change is presented which focuses on the process which explicity links paradigms, or the relative presuppositions upon which particular groups or individuals base their activities, to values, defined as a set of absolute presuppositions on which human survival is based. (RM)

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VALUE SYSTEMS IN INTERNATIONAL BUSINESS

A Paper Presented at
the Academy of International Business/Southwestern Social Science Association Meeting,
Houston, Texas
(March 16-19, 1983).

by

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Value Systems in International Business

Abstract

In recent years, there has been growing interest and concern about the impact of cultural and social values on international business. This is due to the accelerating interdependence among nations and the growing role of U.S. and Western states in international trade, especially with the Third World countries. There is, however, much confusion about the term of "value," and what ought to be done to facilitate international marketers' tasks in foreign markets. Thus, this paper aims to help in a better understanding of the value issue and to introduce a planning model for value change.

Value Systems in International Business

I. INTRODUCTION

"Much human behavior depends on values. These values often have a religious foundation and usually imply approbation or a moral judgment. Some examples of differing values include the emphasis on piety in Buddhist countries; on family responsibility among middle-class Indians; on masculinity among males in Latin America; on personal achievement among North Americans. Our values and help determine what we think is right or appropriate, what is important, and what is desirable."[1] (Terpstra, 1983)

The accelerating interdependency among the world communities and the growing international trade necessitate the study of cross-cultures and values and their effects on the behavior of different people around the globe. This is considered a crucial and integral part of an international marketer's job. Human cultures include different values which affect many aspects that are important in shaping the society's economic behavior and performance. The study of different cultures indicates that an act considered right in one society may be repugnant in another (Brislin, Bochnerand & Lonner, 1975).[2] Also, judgments are based on experience, and each experience is interpreted in terms of an individual's enculturation. Therefore, each individual's perception of the world around him is to some extent viewed through this enculturative screen. To the ancient Greeks, to the Chinese, and

to most other known people, one's own culture was taken as the standard against which all others were judged. This ethnocentric point of view still chacacterizes the behaviors of many people (Murdock, 1969).[3] (Today's dynamic environment pressures international marketers to recognize that peoples define things differently and no item of culture can be fairly considered outside its cultural context. Cultures are wholes, and the values of any culture constitute a system in which each part takes its meaning from its relations to other parts (Kaplan and Manners, 1972).[4] Any item of behavior therefore rests on certain basic premises, and its meaning is relative to these premises and to other associated behaviors. On this basis, it is possible to conclude that while there are certain universals, or kinds of values, found in all cultures, there are no absolutes which apply equally to all societies, and all values are therefore relative to time, place, and cicumstance. Each international marketer should be allowed to preserve his own value system regardless of how he may took to other peoples with different value systems. The international marketer should take precautions to insure that his attempts to create new markets respect this right. Such precautions would do much to prevent misunderstanding and turmoil thus insuring profitable and long-term development of foreign market (Kramer, 1970).[5]

II. VALUE SYSTEMS IN INTERNATIONAL MARKETING:

The most profitable way for an international marketer to look at culture is to see it as an adaptive mechanism, that is, to see what it does. In this respect, a culture is a body of ready-made solutions to the problems encountered by the group. It is a cushion between man and his environment. In order to meet their needs, people must devise

ways of dealing with their environment in order to get food, clothing, and shelter. They must establish and maintain certain patterns of relationships, for in each society there will be males and females, infants, growing children, youths, adults, and the aged. They must care for the children and train them in the ways of the society so they may take their place as responsible members of the group. They must find ways to maintain the cohesion of the group and preserve consensus. In all societies, then, the members must come to have strong sentiments about various ideas, purposes, and goals--the things the international marketer calls values.

A. **Value Systems**

Every society has such a system of values--a set of interrelated ideas, concepts, and practices to which strong sentiments are attached. The word "value," as used here, has the common sense meaning of something important to the individual or group concerned. A value, then, is anything (idea, belief, practice, thing) that is important to people for any reason. Further, things can be important in a positive or a negative way. Positive values are the things we are "for," while negative values are the things we are "against." These values serve to direct the behavior of society's members, and thus, through mass conformity, hold it together (Aronson and Freeman, 1972).[6]

B. Value Conformity

To Americans, industriousness, thrift, and ambition are positive values. We encourage our children to be competitive, to get ahead. to make money, to acquire possessions. In games and in business alike, the aim is to win the game, the trophy, the contract. Actually, not all Americans hold these values, and those who do may hold other, and at times contradictory, values that affect their way of behaving. In the main, however, the collective expectation of our society is that these are desirable goals, and the individual, whatever his personal inclination, is under considerable pressure to conform.

Peoples everywhere seek to achieve goals which their cultures define as desirable (Terpstra, 1978).[7] Differences lie in the status symbols chosen and the goals considered important. Individualism, efficiency, thrift, personal ambition, the accumulation of goods or money, competition for jobs, or power--all these values and goals so familiar to us are not only alien but incomprehensible to many of the world's peoples. Thus, there are numerous differences in values that the international marketer must be sensitive to if he is to understand and attempt to "get inside" a foreign culture. Though different from his country's values, such values focus the attention, interest and behavior of the foreign country's citizens on relationships whose attainment they consider to be rewarding.

C. Value Conflict

Values do not become attached to groups by random or chance processes. The decision to adopt, drop or modify one or more values has far-reaching consequences for a social unit. Both broad social changes such as urbanization, and small day-to-day changes, introduced by the international marketer can result in new organizations of culture (Costello, 1977).[8] Even without adding any new understandings, these new organizations are an important source of change. They lead people to behave in ways they would not have before and these new ways can in turn lead to further cultural changes.

Since values refer to worthwhile conditions or resources, a change in values involves a modification of the particular features of the environment, social or otherwise, which the society will pursue. Since a society's selection of values has serious consequences for its present and future vitality, value conflicts between groups can be bitter and diverse with negative consequences for the international marketer (Terpstra, 1983).[9] For numerous reasons, the resolution or alleviation of a social problem often requires those in positions of authority to choose among the values of various groups--a situation which the international marketer prefers to avoid if possible.

III. TOWARDS UNDERSTANDING FOREIGN VALUE SYSTEMS

Perhaps it is impossible or difficult for the international marketer to actually "get inside" a culture that is not his own. There are, however, certain approaches, points of view, techniques, and procedures by which he may gain insight and a measure of understanding.

A. **Approach Countries as Wholes**

One way is for the international marketer to approach countries as wholes. Since no custom, belief, or behavior can be correctly understood outside of its social or cultural context, any item of behavior, any tradition or pattern, should be evaluated only in light of its meaning to the people who practice it (Kaplan and Manners, 1972).[10] It must be viewed in its relation to other elements of the society and for the part it plays in the adaptation of the people to their environment or to one another. This approach will lead the international marketer to the realization that no custom or value is "odd" to the people who practice it.

B. **Seek Out Behavioral Premises**

Another approach is for the international marketer to seek to get at the underlying premises on which behavior rests. When he sees unusual things in a foreign country he should look beyond overt behavior for regularities and the way basic problems are met. Many administrators and missionaries have struggled in vain to change some custom because they did not understand that they and the people they were trying to help were operating from different sets of assumptions. Moreover, any given act of behavior may seem familiar to the international marketer but may have an entirely different meaning from that of a similar pattern in his home country.

C. **Area Orientation/Theoretical Knowledge of Culture**

International marketers going into other countries are often given "area orientation," a program in which they are briefed on the customs of the country. This procedure has its value but far more valuable is a point of view, an understanding of what culture is and what it does, and some knowledge of the variety of ways in which human behavior has been institutionalized. This theoretical knowledge of culture gives the international marketers cues and clues to the behavior of human groups wherever they are found.

D. **Learn Country's Social Heritage**

Finally, it is necessary for the international marketer to understand the common social heritage that makes for cohesion and solidarity in the country, and that helps insure the continuity of group life. It is in this heritage that each new generation finds its value sytem and a faith to live by. People can, and do, modify and change their social patterns but when whole peoples are ruthlessly separated from their past, the result is almost always disorganization and deterioration. We have seen this cultural breakdown in peoples who somehow seemed to lose the will to live and who literally died out under the impact of a technological advance that took all the meaning out of life (Graburn, 1969).[11] We are seeing it today take a new form as totalitarian governments consciously and ruthlessly go about making other peoples over in their own images.[12] The international marketer should take precautions to insure that his actions in the foreign country are in keeping with the country's common social heritage.

IV. HOW TO CLOSE THE VALUE CONFLICT GAPS

A. Non-Western Cultures

1. Rising Expectations

Today, the peoples of the world are in the midst of what has been called a revolution of rising expectations. They are demanding all kinds of things that might be summed up as a chance for the good life. To be sure, the peoples of the world would not all agree on the details of what constitutes the good life, but everywhere they are beginning to ask for freedom from constant hunger, from disease, from premature death, from grinding poverty, and from endless toil. Increasingly they are asking for land reform, medical care, schools, roads, and a voice in their own affairs.

One of the factors the international marketer faces in the problem of transition is the growing sense of deprivation felt by people who are becoming aware of the possibilities of more and better food and clothing, medical care, education, and other "good things" once undreamed of. As the international marketer introduces these possibilities, what was once simply their absence becomes a deeply felt deprivation, with consequent unhappiness and frustration. This acute problem in underveloped countries grows out of the fact that contact with Westerners who have so much raises the non-Westerner's level of aspiration and expectation faster than such aspirations and expectations can be realized. Thus, the international marketer must take care to introduce changes at a pace that is beneficial to the country. As an agent of

cultural change, he must perform his task of creating new markets with respect for humanity (Terpstra, 1983).[13]

2. **Freedom to Make Their Own Mistakes**

The signs of recent years indicate that economic development alone is not enough. The non-Western countries are asking freedom from fear and oppression, and perhaps most of all they want freedom from contempt and the stigma of inferiority. Increasingly, they are demanding that they be freed, at any cost, from any form of domination by the West.[14] Sometimes, their wants are contradictory: They cling to old customs and values that are incompatible with their new desires. They do not always want democracy as we understand it, and they do not always know how to handle freedom when it is achieved. Their newly formed governments may sometimes be corrupt and dictatorial and their economic disadvantages may sometimes grow greater rather than less. But none of them has yet asked for a return of colonial government. The international marketer must be sensitive to the fact that the thing the peoples of the non-Western world seem to be unanimous about is that they wish to be allowed to make their own mistakes in their own way (Erba and Valeriand, 1975).[15]

B. The American International Marketer and the World

1. The Modern World

Since the beginning of World War I, mankind has been in the throes of a world revolution, the shape of which is now becoming discernible. One of the major characteristics of this revolution is the virtual annihilation of distance with a corresponding increase in the speed of communication and an associated increase in man's interdependence. This means that there are no longer any real physical barriers separating one people from another. There are still language barriers, as far as person-to-person communication is concerned, but simultaneous translations and satellite communication systems are opening up new levels of contact, and the former spatial relationships have largely lost their meaning.

Another new element in the modern world is the vast power of destruction that man has at his disposal. Today, nations have the power to destroy one another, and that power is gradually finding its way into more and more hands. Moreover, there looms on the horizon the certainty that man could render the earth itself uninhabitable.

The final and most threatening factor in the modern world is that for the first time in history the entire globe is involved at once. In earlier times, nation after nation came to power, only to fall behind and be replaced by another; but civilization itself did not perish because there were always other peoples left to carry on. Today, progress in technology, increase in rapid communication, economic interdependence, and

the enormous power at man's disposal have tied the world together so that, for good or bad, the world is becoming a "global village" (McCluhan, 1964).[16]

2. <u>One World, World Government, World Culture?</u>

In recent years, a great deal has been said about one world, world government, and a world culture. It is important that the American international marketer understand the differences in these three ideas. We now live in one world in the sense that we have become globally interrelated and interdependent. World government implies some kind of formal organization with more centralized control than would now seem practicable. In view of the diversity of the present governments of the world the United Nations represents a long step toward world order (Heiba, 1982).[17] A world culture, even if it were possible in the sense of any appreciable degree of uniformity in cultural patterns, would represent a tremendous loss and little if any gain. It does not matter how culturally diverse peoples are so long as they agree on certain basic values, one of which must be respect for one another's cultural differences. The problem is how to live together, not how to become alike (Perlmutter and Sagafi-nejad, 1976).[18]

3. **American International Marketer Must Seek and Share Knowledge**

The answer to this basic question of how the American international marketer may help turn man's energies away from world destruction to peace and cooperation lies in another aspect of human history. For the first time in history, we could solve the problem of sharing in peace if we chose to do so and were willing to direct our full energies to that end. The new thing is not that we know enough to solve our problems, but that we know how to go about getting the knowledge that we need.

The whole globe is known to us. All of the records of man's accumulated knowledge could be assembled. We can communicate with one another across the world in a matter of moments and there are no longer impossible language barriers. We know what cultural differences mean and something of how cultures function. We know that cultural behavior is learned and that it can be modified. We know how national loyalties are developed and why men feel as they do about their own ways. We know that racial differences are of no real consequence in human behavior unless we make them so. We know that all normal human beings can learn and can be taught. We know how further knowledge of human behavior can be acquired and how the skills neccessary to meet human needs can be developed.

We know all these things and yet continue to act as if they were not true. The gap between our knowledge of the physical world and our understanding of human behavior and human society is wide and deep. For generations Western man has devoted his thoughts, energies, and resources to the conquest of the physical world out of which have come the streams of products that constitute the modern miracles of our age. But there has been no comparable effort to increase our understanding and our skill in the fields of human behavior, human relations, and international understanding. For the most part, we seem to be almost completely lacking in awareness that group behavior can be studied and perhaps, in time, predicted and controlled. The study of social structure, social process, and problems of social, political, and international relations are to many international marketers subjects of no practical consequence.

4. **American International Marketer Must Be Senstitive to Other Cultures and Values**

Yet American society is plagued with problems in the midst of plenty. In our relations with the rest of the world, we are in a constant state of cold war or threats of global war. We have given away milions of dollars to the rest of the world, but we know so little about human behavior and the values of other cultures that our gifts often make enemies rather than friends. The American international marketer who goes out to help the people of another culture without at least some elementary understanding of what culture is and how values

differ is in the class with the medically untrained person who attempts to treat the sick. A least some of the turmoil in varius parts of the world might have been avoided if American international marketers who undertook to initiate or direct changes had known as much about culture, human society, values, and social change as the average doctor knows about the workings of the human body.

5. **Change Our Own Behavior and Values to Set Example**

To bridge the gap between our knowledge of the physical world and our understanding of human behavior, American international marketers will have to accept and support research in this area. To solve the problems of human relations calls for a drastic revision of our values as measured by the things to which we devote our time, our energies, and our funds. Solutions to these problems will not come through hope or wishful thinking but through commitment and understanding. Until we are willing to make such efforts, human problems that the American international marketer faces will continue to grow, thus increasing the risk in foreign markets. Thus, there is a need for planning for value change and serious attempts to raise international marketers' consciousness toward closing the value conflict gaps, if they are to cope with the future "turbulent environment" and to achieve the most desirable ends.

V. A PLANNING MODEL FOR VALUE CHANGE[19]

The planning model for value change aims to focus on the process which explicitly links paradigms* to values.* Paradigms are time and space specific, where they explain and connect values to experience. Since experience is rapidly changing, and paradigms become obsolete with increasing uncertainty, planning is the logical process of constructing new paradigms.

The following figure illustrates schematic of the relationships between values and paradigms, and shows the dynamics of paradigm changes.

Because institutions are dynamically conservative, they try to impose their paradigms on individuals. Thus the individual will always have to make his decisions according to sets of rules: (1) individual values and paradigms, and (2) societal values and paradigms.

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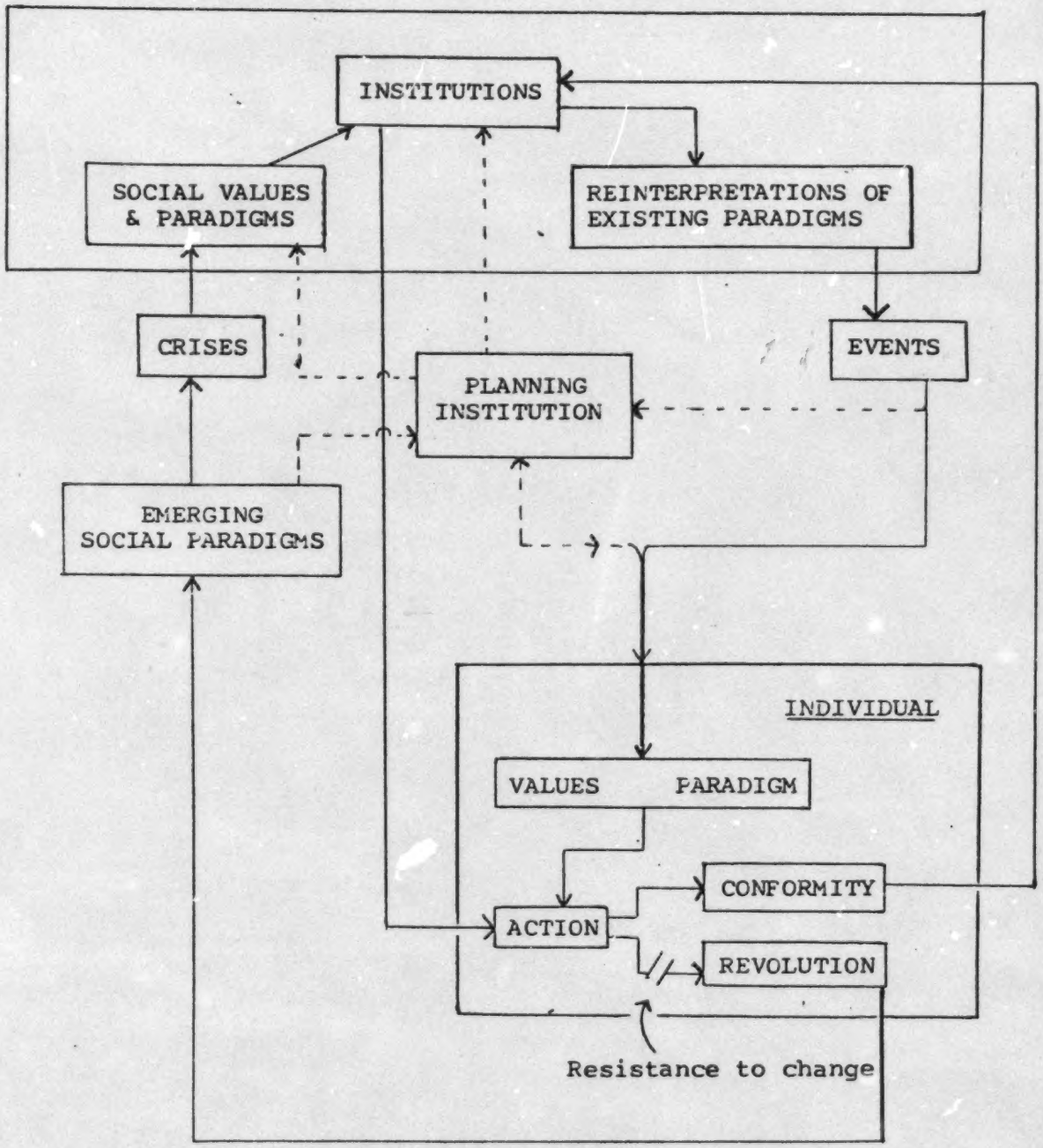
* The term "value" means one of a set of absolute presuppositions on which human survival is based, both as individuals, and as groups or societies. The term "paradigm" means the relative presuppositions upon which particular groups or individuals base their activity.

Paradigms tell the individual or group what entities are included within one's domain, and the way in which these entities behave. The paradigms are like a map whose details are elucidated through experience. This map is an essential part of one's continued learning and development. Groups and societies have paradigms as well as do individuals. Both individual and social paradigms are based in the individual and social value sets and reflect different weightings of these values, depending upon the circumstances in which one finds oneself.

VALUE CHANGE MODEL



The need for planning for value change stems precisely from the fact that one is always threatening the self and the institutions of society, because there is no way to seek balance. Planning is the logical way of going about paradigm changes continuously and in a participative style.

Because planning in business is value analysis and paradigm construction, it serves to help us all become more adaptable and to promote ecological balance. This, indeed, would become one of the most demanding tasks of international marketers in the future.

Footnotes

Vern Terpstra (1983), International Marketing (Hinsdale, Ill.: The Dryden Press); p. 108.

2. Brislin, Bochnerand, and Lonner (1975), Cross-Cultural Perspectives on Learning.

3. Peter Murdock (1969), Culture and Society.

4. David Kaplan and Robert Manners (1972), Culture Theory (Englewood Cliffs, N.J.: Prentice-Hall, Inc.); p. 5, "The relativist tells us that a culture must be examined as a totality and only in terms of itself."

5. Roland Kramer (1970), International Marketing.

6. Elliot Aronson and W. H. Freeman (1972), The Social Animal (San Francisco: Freeman and Company); pp. 15-43.

7. Vern Terpstra (1978), The Cultural Environment of International Business (South-Western Pubishing Co.); p. 106, ". . . members are bonded together by values or interests that help ensure the stability of the group. Social behavior that is rewarded tends to be repeated."

8. V. F. Costello (1977), Urbanization in the Middle East (Cambridge University Press); p. 108, "Urban planning follows a tendency to do nothing until problems arise or become so great that some corrective or ameliorative action must be taken to preserve the values of the economy."

9. Vern Terpstra (1983), International Marketing, p. 125, "An adverse or hostile political environment can lead to governmental and popular reaction ranging from expropriation and bombing to strikes, boycotts, and discriminatory regulations and taxes."

10. David Kaplan and Robert Manners (1972), Culture Theory.

11. Nelson H. H. Graburn (1969), Eskimos Without Igloos (Boston, Mass.: Little, Brown and Company); p. vi, "Although it may appear that initially most of the changes were in the economy and technology (the introduction of the snowmobile), their ramifications and consequences have led to revolutionary changes in many other areas of life, particularly the realignment of population distribution. Thus, the Eskimos, with the introduction of the snowmobile, have embarked on a path of change both irreversible and itself ever-changing."

12. As in Vietnam and Afghanistan

13. Vern Terpstra (1983), International Marketing, p. 171, "The international marketer needs to be sensitive to foreign cultures and acquire an understanding of them."

14. Examples: Iran and Nicaragua

15. Guy F. Erb and Kallab Valeriana (1975), Beyond Dependency: The Developing World Speaks Out (Washington, D.C.: Overseas Development Council).

16. Marchall McCluhan (1964), Understanding Media: The Extension of Man (Ney York: Signet Books).

17. Farouk I. Heiba (1982), "The Emerging International Economic Order: A New Program of Action in World Business," AUGSBA Review, Vol. 4 (Fall, 1982).

18. Howard V. Perlmutter and Tagi Sagafi-Nejad (1976), "Process or Product? A Social Architectural Perspective of Codes of Conduct for Technology Transfer and Development," in Susan S. Holland (Ed.), Codes of Conduct for the Transfer of Technology: A Critique, Council of the Americas, pp. 95-129.

19. This planning model follows, in part, the themes of some of the ideas, concepts and writings, such as: Collingwood (1968), "absolute" and "relative presuppositions"; Ozbekhan (1971), "The fundamental social values are considered as truth, utility, social bonding, and ecological balance"; Maslow (1939), "Individual set of needs include survival, individuation, autonomy, creativity, integration, and self-realization"; Schon-Beyond the Stable State (1971), "Institutions react to events only through reinterpretations of their paradigms"; Ackoff & Emery (1972), "A purposeful system is a system which can change its goals in constant environment conditions, it selects goals as well as the means by which to pursue them, it thus displays will"; and Trist (1972) "The turbulent environment."